

TOWN OF EAST LONGMEADOW,
MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2012

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of East Longmeadow, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Longmeadow, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Longmeadow, Massachusetts, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2013, on our consideration of the Town of East Longmeadow, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Longmeadow, Massachusetts' financial statements as a whole. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Scanlon & Associates, LLC
South Deerfield, Massachusetts

September 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of East Longmeadow, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012.

Financial Highlights

- The Town's assets exceeded its liabilities by \$31,301,901 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$34,863,572 or a decrease of \$3,561,671 (10%) over last fiscal year's total net assets.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$14,371,520, an increase of \$2,676,765 (23%) in comparison with prior year.
- The General Fund's total fund balance decreased \$554,452 (8%) to \$6,830,067. The ending fund balance is 13% of revenues, bond premiums and transfers in and 13% of expenditures and transfers out.
- Total long term liabilities of the Town increased by \$100,569 to \$54,683,026 during the fiscal year. This change was mainly the result of net increases in Other Post Employment Benefits (OPEB) of \$3,732,198 and bonds payable of \$355,472, and net liability decreases in the warrants payable of \$483,763 and in the bond anticipation notes payable of \$3,539,168.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$2,878,346. The key factors that attributed to the free cash amount for fiscal year 2012 are, approximately, as follows:

➤ Unexpended/unencumbered appropriations	\$ 874,200.
➤ Excess over budget – state and local receipts	\$ 442,400.
➤ Prior year free cash not appropriated	\$1,509,580.

Overview of the Financial Statements

This discussion and analysis is intended to serve, as an introduction to the Town of East Longmeadow's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the water and sewer activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of East Longmeadow adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of propriety fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights
Statement of Net Assets Highlights

	Governmental Activities		
	2012	2011	Change
Assets:			
Current assets	\$ 17,857,144	\$ 18,963,273	\$ (1,106,129)
Noncurrent assets (excluding capital assets)	4,534,903	5,453,283	(918,380)
Capital assets	40,690,800	40,950,262	(259,462)
Total assets	63,082,847	65,366,818	(2,283,971)
Liabilities:			
Current liabilities (excluding debt)	1,914,983	2,198,491	(283,508)
Current debt	2,910,125	6,104,348	(3,194,223)
Noncurrent liabilities (excluding debt)	17,911,861	14,129,260	3,782,601
Noncurrent debt	22,420,553	21,496,628	923,925
Total liabilities	45,157,522	43,928,727	1,228,795
Net Assets:			
Capital assets net of related debt	20,370,931	19,246,337	1,124,594
Restricted	7,058,012	8,313,380	(1,255,368)
Unrestricted	(9,503,618)	(6,121,626)	(3,381,992)
Total net assets	\$ 17,925,325	\$ 21,438,091	\$ (3,512,766)

	Business-Type Activities		
	2012	2011	Change
Assets:			
Current assets	\$ 4,173,659	\$ 4,930,902	\$ (757,243)
Noncurrent assets (excluding capital assets)	203,044	227,484	(24,440)
Capital assets	18,525,377	18,920,825	(395,448)
Total assets	22,902,080	24,079,211	(1,177,131)
Liabilities:			
Current liabilities (excluding debt)	141,753	359,029	(217,276)
Current debt	836,148	844,348	(8,200)
Noncurrent liabilities (excluding debt)	28,905	26,457	2,448
Noncurrent debt	8,518,698	9,423,896	(905,198)
Total liabilities	9,525,504	10,653,730	(1,128,226)
Net Assets:			
Capital assets net of related debt	9,170,531	8,652,581	517,950
Restricted	1,245,695	1,481,931	(236,236)
Unrestricted	2,960,350	3,290,969	(330,619)
Total net assets	\$ 13,376,576	\$ 13,425,481	\$ (48,905)

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2012	2011	Change
Program Revenues:			
Charges for services	\$ 2,981,916	\$ 2,714,775	\$ 267,141
Operating grants and contributions	18,727,685	17,837,996	889,689
Capital grants and contributions	590,504	443,061	147,443
General Revenues:			
Property taxes	33,546,410	31,784,060	1,762,350
Motor vehicle excise and other taxes	1,920,791	1,854,580	66,211
Penalties and interest on taxes	192,661	203,041	(10,380)
Nonrestricted grants	1,906,862	1,511,543	395,319
Unrestricted investment income	199,712	89,587	110,125
Miscellaneous	7,975	497	7,478
Total revenues	60,074,516	56,439,140	3,635,376
Expenses:			
General government	2,204,512	2,214,234	(9,722)
Public safety	3,928,816	3,540,379	388,437
Public works	6,598,420	5,078,009	1,520,411
Education	31,349,561	30,098,827	1,250,734
Health and human services	665,168	503,434	161,734
Culture and recreation	1,482,600	1,463,514	19,086
Employee benefits and insurance	16,062,883	17,093,317	(1,030,434)
State assessments	224,929	232,775	(7,846)
Interest	1,128,794	1,043,023	85,771
Total expenses	63,645,683	61,267,512	2,378,171
Transfers, net	58,401	-	58,401
Change in net assets	(3,512,766)	(4,828,372)	1,315,606
Net assets - beginning of year	21,438,091	26,266,463	(4,828,372)
Net assets - end of year	\$ 17,925,325	\$ 21,438,091	\$ (3,512,766)

	Business-Type Activities		
	2012	2011	Change
Program Revenues:			
Charges for services	\$ 3,326,389	\$ 3,607,929	\$ (281,540)
Operating grants and contributions	71,854	2,905	68,949
Total revenues	3,398,243	3,610,834	(212,591)
Expenses:			
Water	1,891,481	2,016,203	(124,722)
Sewer	1,497,266	1,555,041	(57,775)
Total expenses	3,388,747	3,571,244	(182,497)
Transfers, net	(58,401)	-	(58,401)
Change in net assets	(48,905)	39,590	(88,495)
Net assets - beginning of year	13,425,481	13,385,891	39,590
Net assets - end of year	\$ 13,376,576	\$ 13,425,481	\$ (48,905)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$31,301,901 at the close of fiscal year 2012.

Net assets of \$29,541,462 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net assets \$8,303,707 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$6,543,268) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two of the three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The unrestricted in the governmental activities is a negative balance mainly as a result of recognizing the increase in the OPEB liability. The business-type activities are able to report positive balances in all three categories of net assets.

The governmental activities net assets decreased by \$3,512,766 during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net assets for fiscal year 2012 was a net increase in bonds payable of \$1,268,870, a net decrease in bond anticipation notes of \$3,539,168, and, as a result of recognizing this year's OPEB obligation.

There was a decrease of \$48,905 in net assets reported in connection with the water and sewer business-type activities. Of this, there was an increase of \$40,790 attributed to the water department and a decrease of \$89,695 attributed to the sewer department.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$14,371,520 an increase of \$2,676,765 (23%) in comparison with the prior year. The increase is mainly due to the bond premium of \$1,249,216 and the proceeds from the issuance of bonds in the amount of \$4,905,000.

Breakdown of the governmental funds are as follows:

- Restricted fund balance- \$6,847,925 (48%).
- Committed fund balance- \$838,107 (6%).
- Assigned fund balance - \$927,123 (6%).
- Unassigned fund balance - \$5,758,365 (40%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$6,830,067 decreasing \$554,452 (8%) from the prior year. Of the \$6,830,067, the unassigned amount is \$5,803,594 (85%), the assigned amount is \$927,123 (14%) and the restricted amount is \$99,350 (1%). General fund revenues were \$2,391,694 (5%) more than the prior fiscal year and expenditures also increased by \$2,463,535 (5%). Other activity in the General fund was net transfers to other funds of \$418,251 and a bond premium of \$405,481.

The main components of the increases in general fund revenues were related to increases in property taxes of \$1,620,177 (5%), intergovernmental receipts of \$536,451 (5%) and investment income of \$110,125 (123%), and a decrease in licenses, permits and fees of \$84,275 (16%) from the prior year.

The major changes in general fund expenditures from the prior fiscal year were as follows:

- Decrease in Public works expenditures of \$152,353 (3%).
- Increase in Education expenditures of \$1,451,850 (6%).
- Increase in Employee benefits and insurance expenditures of \$808,618 (7%).

Proprietary Funds

The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The *Water Fund* is the financing and operations of the Town's water system. The water fund shows an increase of \$40,790 in total operations. This change resulted from operating revenues exceeding operating expenditures of \$252,529, interest and other income of \$28,381, interest expense of \$187,972 and transfers out to the governmental funds of \$52,148. Operating revenues decreased by \$333,586 (15%) while operating expenses also decreased by \$82,509 (5%) from the prior year.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund shows a decrease of \$89,695 in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$110,152, interest and other income of \$43,473, interest expense of

\$237,067 and transfers out to the governmental funds of \$6,253. Operating revenues increased by \$52,046 (4%) while operating expenses decreased by \$63,597 (5%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2012 was \$49,277,764. This was an increase of \$2,473,173 (5%) over the previous year's budget.

There were adjustments net of zero between the various original budget line items and the final amended budget. The change is attributed to votes at the special town meeting in September 2011, February 2012 and the annual town meeting in June 2012.

General fund expenditures were less than budgeted by \$1,233,998. Of the \$1,233,998 in under budget expenditures, \$359,782 has been carried over to fiscal year 2013.

The total actual revenue for local receipts exceeded the amount that was budget by \$442,385. There are negative variances in interest on taxes of \$8,157 due to more timely payments and in interest on investments of \$17,250 due to the economic conditions.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2012 amounts to \$40,690,800 in governmental type funds and \$18,525,377 in business type funds.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Foreclosure properties for \$13,857.
- Information technology for \$85,155.
- Two police vehicles for \$53,384.
- Police and Fire radio system for \$283,035.
- Fire department equipment for \$30,000.
- Highway vehicles and equipment for \$224,655.
- Various renovations to School buildings for \$930,395.
- School vehicles for \$23,000.
- Meadow Brook School playground for \$70,000.
- Senior Center renovations for \$155,455.
- Recreational field improvements for \$12,425.

Major capital events during the current fiscal year in the business-type funds included the following:

- Sewer vehicles and equipment for \$83,800.
- Sewer pump station modifications for \$111,015.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2012, totaled \$25,330,677, of which \$12,486,450 is for school projects, \$1,210,000 is for the new library, \$262,627 for the GIS projects, \$807,000 for remodeling projects, \$10,000 for parking lot and lighting, backhoe/loader/front end for \$26,400, Information Technology fiber connectively for \$14,400, senior center for \$201,000, telecommunications for \$24,000, remodeling of Town buildings for \$24,800 a municipal purpose loan for \$3,415,000 issued in fiscal year 2009, a municipal purpose loan for \$2,444,000 issued in fiscal year 2010 and a municipal purpose loan for \$4,405,000 issued in fiscal year 2012.

The business-type funds have \$9,354,846 in long-term debt. Of this, \$4,671,006 consists of water debt and \$4,683,840 of sewer debt.

Please refer to notes 3C, 3E and 3F for further discussion of the major capital and debt activity.

Town Meeting – Fiscal Year 2013

The Town of East Longmeadow operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2012 do not reflect the fiscal year 2013 Town Meeting action. The Annual Town Meeting on May 21, 2012 authorized a fiscal year 2013 operating and capital budget as follows:

From the tax levy		\$	49,035,699
From water revenue			1,422,280
From water retained earnings			661,224
From water capital projects			52,077
From sewer revenue			1,101,465
From sewer retained earnings			625,960
From other available funds:			
General Fund:			
Unassigned fund balance:			
(Free cash)			567,341
Non-major Governmental Funds:			
Cable TV access revolving	\$	350,000	
Community preservation funds		346,130	
Kindergarten revolving		90,000	
Solid waste revolving		90,000	
Capital project fund		191,860	1,067,990
			<u>\$ 54,534,036</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of East Longmeadow's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 60 Center Square, East Longmeadow, Massachusetts.

BASIC FINANCIAL STATEMENTS

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 11,775,433	\$ 3,431,048	\$ 15,206,481
Investments	2,775,833	-	2,775,833
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,128,449	-	1,128,449
Deferred Property Taxes	-	-	-
Tax Liens	366,258	-	366,258
Excise and Other Taxes	106,297	-	106,297
User Charges	-	670,720	670,720
Departmental	27,770	-	27,770
Special Assessments	-	71,891	71,891
Due from Other Governments	1,677,104	-	1,677,104
Total current assets	17,857,144	4,173,659	22,030,803
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	203,044	203,044
Due from Other Governments	4,534,903	-	4,534,903
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	8,550,327	805,420	9,355,747
Depreciable	32,140,473	17,719,957	49,860,430
Total noncurrent assets	45,225,703	18,728,421	63,954,124
Total Assets	63,082,847	22,902,080	85,984,927
LIABILITIES			
CURRENT:			
Warrants Payable	788,325	51,104	839,429
Accrued Payroll	265,887	13,316	279,203
Employee Withholdings	80,553	-	80,553
Tax Refund Payable	94,000	-	94,000
Accrued Interest	334,727	49,953	384,680
Compensated Absences	351,491	27,380	378,871
Bonds Payable	2,910,125	836,148	3,746,273
Total current liabilities	4,825,108	977,901	5,803,009
NONCURRENT:			
Compensated Absences	137,907	28,905	166,812
OPEB Obligation Payable	17,773,954	-	17,773,954
Bonds Payable	22,420,553	8,518,698	30,939,251
Total noncurrent liabilities	40,332,414	8,547,603	48,880,017
Total Liabilities	45,157,522	9,525,504	54,683,026
NET ASSETS:			
Invested in Capital Assets, net of related debt	20,370,931	9,170,531	29,541,462
Restricted for:			
Capital Projects	2,339,879	1,245,695	3,585,574
Federal & State Grants	784,992	-	784,992
Community Preservation	719,823	-	719,823
Permanent Funds	23,873	-	23,873
Other Purposes	3,189,445	-	3,189,445
Unrestricted	(9,503,618)	2,960,350	(6,543,268)
Total Net Assets	\$ 17,925,325	\$ 13,376,576	\$ 31,301,901

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	\$ 2,204,512	\$ 215,494	\$ 292,323	\$ -	\$ (1,696,695)	\$ -
Public Safety	3,928,816	446,363	31,169	-	(3,451,284)	-
Public Works	6,598,420	219,202	990,592	590,504	(4,798,122)	-
Education	31,349,561	1,470,973	12,108,389	-	(17,770,199)	-
Health and Human Services	665,168	102,157	101,252	-	(461,759)	-
Culture and Recreation	1,482,600	527,727	43,730	-	(911,143)	-
Employee Benefits and Insurance	16,062,883	-	4,577,460	-	(11,485,423)	-
State Assessments	224,929	-	-	-	(224,929)	-
Interest	1,128,794	-	582,770	-	(546,024)	-
Total Governmental Activities	63,645,683	2,981,916	18,727,685	590,504	(41,345,578)	-
Business-Type Activities:						
Water	1,891,481	1,956,038	28,381	-	-	92,938
Sewer	1,497,266	1,370,351	43,473	-	-	(83,442)
Total Primary Government	\$ 67,034,430	\$ 6,308,305	\$ 18,799,539	\$ 590,504	(41,345,578)	9,496
General Revenues:						
Property Taxes					33,546,410	-
Motor vehicle and other taxes					1,920,791	-
Penalties & Interest on taxes					192,661	-
Grants & Contributions not restricted to specific programs					1,906,862	-
Unrestricted Investment Income					199,712	-
Miscellaneous					7,975	-
Transfers, net					58,401	(58,401)
Total General Revenues					37,832,812	(58,401)
Change in Net Assets					(3,512,766)	(48,905)
Net Assets:						
Beginning of year					21,438,091	13,425,481
End of year					\$ 17,925,325	\$ 13,376,576
						\$ 31,301,901

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,234,237	\$ 6,541,196	\$ 11,775,433
Investments	2,521,545	254,288	2,775,833
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,120,319	8,130	1,128,449
Tax Liens	366,258	-	366,258
Excise and Other Taxes	106,297	-	106,297
Departmental	1,650	26,120	27,770
Due from Other Governments	5,052,008	1,159,999	6,212,007
Total Assets	\$ 14,402,314	\$ 7,989,733	\$ 22,392,047
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants Payable	\$ 695,055	\$ 93,270	\$ 788,325
Accrued Payroll	220,314	45,573	265,887
Employee withholdings	80,553	-	80,553
Tax Refund Payable	94,000	-	94,000
Deferred Revenue:			
Property Taxes	961,719	8,130	969,849
Other	5,520,606	301,307	5,821,913
Total Liabilities	7,572,247	448,280	8,020,527
Fund Balance:			
Restricted	99,350	6,748,575	6,847,925
Committed	-	838,107	838,107
Assigned	927,123	-	927,123
Unassigned	5,803,594	(45,229)	5,758,365
Total Fund Balance	6,830,067	7,541,453	14,371,520
Total Liabilities and Fund Balance	\$ 14,402,314	\$ 7,989,733	\$ 22,392,047

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 33,208,108	\$ 215,946	\$ 33,424,054
Intergovernmental	11,513,529	4,604,750	16,118,279
Excise and Other Taxes	1,933,547	-	1,933,547
Charges for Services	-	2,533,197	2,533,197
Licenses, Permits, Fees	455,345	-	455,345
Interest on Taxes	191,843	818	192,661
Investment Income	199,712	17,406	217,118
Other	-	296,115	296,115
Intergovernmental - "On-behalf" Payments	4,580,622	-	4,580,622
Total Revenues	52,082,706	7,668,232	59,750,938
Expenditures:			
Current:			
General Government	1,956,625	324,418	2,281,043
Public Safety	3,371,968	742,567	4,114,535
Public Works	4,575,453	1,872,409	6,447,862
Education	25,544,562	5,439,690	30,984,252
Health and Human Services	355,082	411,981	767,063
Culture and Recreation	813,910	527,602	1,341,512
Employee Benefits and Insurance	12,330,685	-	12,330,685
State Assessments	224,929	-	224,929
Debt Service:			
Principal	2,565,180	1,070,950	3,636,130
Interest	885,994	272,785	1,158,779
Total Expenditures	52,624,388	10,662,402	63,286,790
Excess of Revenues Over (Under) Expenditures	(541,682)	(2,994,170)	(3,535,852)
Other Financing Sources (Uses):			
Operating Transfers In	649,693	1,067,944	1,717,637
Operating Transfers Out	(1,067,944)	(591,292)	(1,659,236)
Bond Premium	405,481	843,735	1,249,216
Proceeds from Issuance of Bonds	-	4,905,000	4,905,000
Total Other Financing Sources (Uses)	(12,770)	6,225,387	6,212,617
Net Change in Fund Balances	(554,452)	3,231,217	2,676,765
Fund Balances, Beginning of Year	7,384,519	4,310,236	11,694,755
Fund Balances, End of Year	\$ 6,830,067	\$ 7,541,453	\$ 14,371,520

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Assets
For the Year Ended June 30, 2012

Total Governmental Fund Balances		\$ 14,371,520
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,690,800
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		6,791,762
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds Payable	\$ (25,330,678)	
Other Post Employment Benefits Payable	(17,773,954)	
Compensated Absences	<u>(489,398)</u>	(43,594,030)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(334,727)</u>
Net Assets of Governmental Activities		<u><u>\$ 17,925,325</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ 2,676,765**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital Outlay Purchases	\$ 1,881,361	
Depreciation	<u>(2,140,823)</u>	(259,462)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. (925,638)

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Repayment of Debt Principal	3,636,130	
Proceeds from Issuance of Bonds	<u>(4,905,000)</u>	(1,268,870)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(33,348)	
Net Change in Other Post Employment Benefits	(3,732,198)	
Net Change in Accrued Interest on Long-Term Debt	<u>29,985</u>	(3,735,561)

Change in Net Assets of Governmental Activities **\$ (3,512,766)**

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGETARY BASIS - (NON-GAAP) -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis		
Revenues:					
Property Taxes	\$ 33,129,557	\$ 33,129,557	\$ 33,248,408	\$ -	\$ 118,851
Intergovernmental	11,263,992	11,263,992	11,513,529	-	249,537
Excise and Other Taxes	1,822,762	1,822,762	1,933,547	-	110,785
Licenses, Permits, Fees	347,875	347,875	455,345	-	107,470
Interest on Taxes	200,000	200,000	191,843	-	(8,157)
Investment Income	103,000	103,000	85,750	-	(17,250)
Total Revenues	46,867,186	46,867,186	47,428,422	-	561,236
Expenditures:					
Current:					
General Government	2,541,539	2,467,833	1,956,625	13,655	497,553
Public Safety	3,200,191	3,385,758	3,371,968	6,153	7,637
Public Works	4,640,152	4,818,516	4,575,453	132,576	110,487
Education	25,783,270	25,783,270	25,544,562	202,206	36,502
Health and Human Services	363,661	377,399	355,082	-	22,317
Culture and Recreation	811,139	821,292	813,910	801	6,581
Employee Benefits and Insurance	7,650,147	7,845,473	7,753,225	4,391	87,857
State Assessments	230,639	230,639	224,929	-	5,710
Debt Service:					
Principal	2,924,042	2,588,677	2,565,180	-	23,497
Interest	1,132,984	958,907	882,832	-	76,075
Total Expenditures	49,277,764	49,277,764	48,043,766	359,782	874,216
Excess of Revenues Over (Under) Expenditures	(2,410,578)	(2,410,578)	(615,344)	(359,782)	1,435,452
Other Financing Sources (Uses):					
Operating Transfers In (Out)	680,433	(360,567)	(418,251)	-	(57,684)
Bond Premium	130,000	130,000	405,481	-	275,481
Total Other Financing Sources (Uses)	810,433	(230,567)	(12,770)	-	217,797
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,600,145)	(2,641,145)	(628,114)	(359,782)	1,653,249
Budgetary Fund Balance - Beginning of Year	5,691,374	5,691,374	5,691,374	-	-
Budgetary Fund Balance - End of Year	\$ 4,091,229	\$ 3,050,229	\$ 5,063,260	\$ (359,782)	\$ 1,653,249

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2012

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 47,428,422	\$ 48,043,766
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	113,962	-
Net Decrease in Revenue from recording Refund Taxes Payable	(58,400)	-
Recognition of intergovernmental Revenue - "on behalf payments"	4,580,622	-
Recognition of Expenditures - "on behalf payments"	-	4,580,622
Net Increase in Revenue from Recording 60-Day Receipts	18,100	-
Reported on a GAAP Basis	<u>\$ 52,082,706</u>	<u>\$ 52,624,388</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2012**

		Business-Type Activities Enterprise Funds		
		Water Fund	Sewer Fund	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$	1,347,201	\$ 2,083,847	\$ 3,431,048
Receivables, net of allowance for uncollectibles				
User Charges		373,376	297,344	670,720
Special Assessments		1,440	70,451	71,891
Total current assets		1,722,017	2,451,642	4,173,659
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Special Assessments		8,640	194,404	203,044
Capital Assets, net of accumulated depreciation:				
Nondepreciable		-	805,420	805,420
Depreciable		9,787,649	7,932,308	17,719,957
Total noncurrent assets		9,796,289	8,932,132	18,728,421
Total Assets		11,518,306	11,383,774	22,902,080
LIABILITIES				
CURRENT:				
Warrants Payable		28,526	22,578	51,104
Accrued Payroll		7,002	6,314	13,316
Accrued Interest		21,467	28,486	49,953
Compensated Absences		15,902	11,478	27,380
Bonds Payable		406,301	429,847	836,148
Total current liabilities		479,198	498,703	977,901
NONCURRENT:				
Compensated Absences		25,142	3,763	28,905
Bonds Payable		4,264,705	4,253,993	8,518,698
Total noncurrent liabilities		4,289,847	4,257,756	8,547,603
Total Liabilities		4,769,045	4,756,459	9,525,504
NET ASSETS:				
Invested in Capital Assets, net of related debt		5,116,643	4,053,888	9,170,531
Restricted for Capital		280,940	964,755	1,245,695
Unrestricted		1,351,678	1,608,672	2,960,350
Total Net Assets	\$	6,749,261	\$ 6,627,315	\$ 13,376,576

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,956,038	\$ 1,370,351	\$ 3,326,389
Total Operating Revenues	1,956,038	1,370,351	3,326,389
Operating Expenses:			
Salaries & Wages	348,930	308,351	657,281
Operating Expenses	1,025,747	690,417	1,716,164
Depreciation	328,832	261,431	590,263
Total Operating Expenses	1,703,509	1,260,199	2,963,708
Operating Income (Loss)	252,529	110,152	362,681
Non-Operating Revenues (Expenses):			
Intergovernmental	1,551	1,253	2,804
Other	26,830	42,220	69,050
Interest Expense	(187,972)	(237,067)	(425,039)
Total Non-Operating Revenues (Expenses)	(159,591)	(193,594)	(353,185)
Income (Loss) Before Operating Transfers	92,938	(83,442)	9,496
Operating Transfers:			
Transfers In/(Out)	(52,148)	(6,253)	(58,401)
Total Operating Transfers	(52,148)	(6,253)	(58,401)
Change in Net Assets	40,790	(89,695)	(48,905)
Net Assets at Beginning of Year	6,708,471	6,717,010	13,425,481
Net Assets at End of Year	\$ 6,749,261	\$ 6,627,315	\$ 13,376,576

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,976,614	\$ 1,346,654	\$ 3,323,268
Payments to Vendors	(1,123,146)	(798,292)	(1,921,438)
Payments to Employees	(345,866)	(308,570)	(654,436)
Net Cash Provided by (Used for) Operating Activities	507,602	239,792	747,394
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental	1,551	1,253	2,804
Other	26,830	42,220	69,050
Acquisition and Construction of Capital Assets	-	(194,815)	(194,815)
Principal Payments on Bonds and Notes	(437,767)	(475,631)	(913,398)
Interest Expense	(193,255)	(244,183)	(437,438)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(602,641)	(871,156)	(1,473,797)
Net Increase (Decrease) in Cash and Cash Equivalents	(147,187)	(637,617)	(784,804)
Cash and Cash Equivalents at Beginning of Year	1,494,388	2,721,464	4,215,852
Cash and Cash Equivalents at End of Year	\$ 1,347,201	\$ 2,083,847	\$ 3,431,048
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ 252,529	\$ 110,152	\$ 362,681
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	328,832	261,431	590,263
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(97,399)	(107,875)	(205,274)
Increase (Decrease) in Accrued Payroll	1,753	2,311	4,064
Increase (Decrease) in Compensated Absences	1,311	(2,530)	(1,219)
Decrease (Increase) in User Charges Receivable	20,576	(23,697)	(3,121)
Total Adjustments	255,073	129,640	384,713
Net Cash Provided by (Used for) Operating Activities	\$ 507,602	\$ 239,792	\$ 747,394

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 17,545	\$ 846,586
Investments	47,920	-
Total Assets	65,465	846,586
LIABILITIES		
Due to Others	-	23,107
Due to Student Groups	-	105,037
Escrows and Deposits	-	718,442
Total Liabilities	-	846,586
NET ASSETS:		
Held in Trust for Other Purposes	\$ 65,465	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Private Purpose Trust Funds</u>
Additions	
Contributions:	
Private Donations	\$ 2,509
Total Contributions	<u>2,509</u>
Investment Income	<u>3,356</u>
Total Investment Earnings	<u>3,356</u>
Total Additions	<u>5,865</u>
Deductions:	
Educational Scholarships	3,250
General Expenses	<u>2,612</u>
Total Deductions	<u>5,862</u>
Change in Net Assets	<u>3</u>
Net Assets at Beginning of Year	<u>65,462</u>
Net Assets at End of Year	<u><u>\$ 65,465</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of East Longmeadow have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town of East Longmeadow, Massachusetts (the Town) was incorporated in 1894 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2012, it was determined that no entities met the required GASB-14 and GASB-39 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the East Longmeadow Housing Authority. This related organization is excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organization. A description of the related organization is as follows:

East Longmeadow Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and the handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements (e.g., statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column. .

Because governmental fund statement are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net assets and the change in net assets.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *water fund* is used to account for the water activities.

The *sewer fund* is used to account for the sewer activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Additionally, the Town reports the following fund types:

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Towns also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various

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other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

F. Accounts Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes, Deferred Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2011 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterment, special assessments and other charges shown. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% is charged on the amount of the taxes that have not

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been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed actual tax bills for the fiscal year 2012 on October 19, 2011 and March 26, 2012 that were due on November 21, 2011 and May 1, 2012, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2012 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2012	\$ 32,643,756
Add: Debt Exclusion	917,251
	<u>\$ 33,561,007</u>

The total amount raised by taxation was \$33,420,483.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

Excise Taxes

Excise taxes consist of motor vehicle excise and vessel excise. Motor vehicle and vessel excise taxes are assessed annually for each vehicle and vessel registered in the Town, and are recorded as receivables in the fiscal year of the levy.

The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

The allowance for uncollectible accounts is based on historical trends and specific account analysis.

User Charges

User charges and fees consist of water and sewer that are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

Departmental

Departmental receivables consist primarily of highway fees, payments in lieu of taxes, police off duty, and income and expense penalties added to taxes.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

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Special Assessments

Special assessments consist of the water and sewer betterments.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

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I. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Assets and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

Net assets have been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Community preservation" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

"Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals are provided for various provisions depending on the union contract. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

M. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% and 70% share of insurance premiums for retirees and spouses for Medicare and PPO and HMO respectively in the general fund in the fiscal year paid.

N. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments.

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- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2012, the Town incurred a final budget deficit of \$2,641,145 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unreserved fund balance:	
Free cash	\$ 2,024,507
Prior year's encumbrances	941,329
Reserved for deficits	(324,691)
	<u>\$ 2,641,145</u>

B. Deficit Fund Balances

The following funds had deficits at June 30, 2012 as measured by the fund balances of the individual projects.

- The public safety grants special revenue funds have various grants with deficit balances totaling \$45,229. These deficits will be eliminated upon the receipt of additional funds.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2012 were \$16,824,289. Of these, \$1,145,102 was exposed to custodial credit risk as uninsured and uncollateralized.

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Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2012, the Town had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities:					
U. S. Government agencies	\$ 814,216	\$ -	\$ -	\$ 814,216	\$ -
Municipal bonds	1,327,167	278,593	106,945	233,600	708,029
Money market mutual funds	17,466	17,466	-	-	-
	2,158,849	\$ 296,059	\$ 106,945	\$ 1,047,816	\$ 708,029
Other Investments:					
Equity securities	346,165				
MMDT	318,739				
	\$ 2,823,753				

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$2,823,753 in investments, \$2,005,014 are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Credit Risk

The Town's exposure to credit risk as of June 30, 2012 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings					Not Rated
		Aaa	Aa1	Aa2	Aa3	A2	
Debt Securities:							
U. S. government agencies	\$ 814,216	\$ 814,216	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal bonds	1,327,167	-	917,183	156,576	228,199	25,209	-
Money market mutual fund	17,466	-	-	-	-	-	17,466
	<u>\$ 2,158,849</u>	<u>\$ 814,216</u>	<u>\$ 917,183</u>	<u>\$ 156,576</u>	<u>\$ 228,199</u>	<u>\$ 25,209</u>	<u>\$ 17,466</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are in U.S. Government Agencies and Municipal Bonds amounting to 28.83% and 22.18%, respectfully, of the Town's total investments as follows:

U.S. Government Agencies:

Federal home loan bank	7.07%
Federal national mortgage association	21.77%

Municipal Bonds:

Massachusetts common refunding bond	9.05%
Massachusetts ST Cons Ln	5.05%
Massachusetts ST port authority Rev	8.08%

B. Receivables

At June 30, 2012, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 1,145,949	\$ (17,500)	\$ 1,128,449
Tax liens	366,258	-	366,258
Excise taxes	134,597	(28,300)	106,297
Departmental	28,545	(775)	27,770
Due from other governments	6,212,007	-	6,212,007
	<u>\$ 7,887,356</u>	<u>\$ (46,575)</u>	<u>\$ 7,840,781</u>

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At June 30, 2012, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Water Fund:			
User charges	\$ 377,876	\$ (4,500)	\$ 373,376
Special assessments	10,080	-	10,080
	<u>387,956</u>	<u>(4,500)</u>	<u>383,456</u>
Sewer Fund:			
User charges	298,644	(1,300)	297,344
Special assessments	264,855	-	264,855
	<u>563,499</u>	<u>(1,300)</u>	<u>562,199</u>
Total business-type activities	<u>\$ 951,455</u>	<u>\$ (5,800)</u>	<u>\$ 945,655</u>

The composition of amounts due from other governments as of June 30, 2012 for governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:

School building assistance - capital portion \$ 5,010,809

Department of Veterans Services:

Veterans benefits 41,199 \$ 5,052,008

Nonmajor Governmental Funds:

U.S. Department of Homeland Security

Federal Emergency Management Agency:

Disaster Assistance - October 2011 Snow Storm 857,654

Commonwealth of Massachusetts:

Executive Office of Public Safety & Homeland Security:

Traffic enforcement 736

Massachusetts Highway Department:

Chapter 90 funded projects 301,609 1,159,999
\$ 6,212,007

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2012 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$969,849.

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General Fund:	
Property Taxes	\$ 961,719
Nonmajor Governmental Funds:	
Community Preservation Surcharge	8,130
	<u>\$ 969,849</u>

The various components of the other deferred revenue reported in the governmental funds are as follows:

General Fund:		
Tax liens	\$ 366,258	
Excise taxes	106,297	
Departmental	37,242	
Due from other governments	<u>5,010,809</u>	\$ 5,520,606
Nonmajor Governmental Funds:		
Due from other governments	301,307	
	<u>\$ 5,821,913</u>	

C. Capital Assets

Capital asset activity for the year ended June 30, 2012, is as follows

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,186,863	\$ 13,857	\$ -	\$ 5,200,720
Construction in progress	1,952,298	1,397,309	-	3,349,607
Total capital assets not being depreciated	<u>7,139,161</u>	<u>1,411,166</u>	<u>-</u>	<u>8,550,327</u>
Capital assets being depreciated:				
Buildings and Renovations	51,062,711	-	-	51,062,711
Machinery, equipment and other	7,014,798	331,039	(47,150)	7,298,687
Infrastructure	3,107,724	139,155	-	3,246,879
Total capital assets being depreciated	<u>61,185,233</u>	<u>470,194</u>	<u>(47,150)</u>	<u>61,608,277</u>
Less accumulated depreciation for:				
Buildings and Renovations	21,561,895	1,417,093	-	22,978,988
Machinery, equipment and other	5,402,513	571,873	(47,150)	5,927,236
Infrastructure	409,724	151,856	-	561,580
Total accumulated depreciation	<u>27,374,132</u>	<u>2,140,822</u>	<u>(47,150)</u>	<u>29,467,804</u>
Total capital assets being depreciated, net	<u>33,811,101</u>	<u>(1,670,628)</u>	<u>-</u>	<u>32,140,473</u>
Total governmental activities capital assets, net	<u>\$ 40,950,262</u>	<u>\$ (259,462)</u>	<u>\$ -</u>	<u>\$ 40,690,800</u>

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Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 694,404	\$ 111,016	\$ -	\$ 805,420
Total capital assets not being depreciated	694,404	111,016	-	805,420
Capital assets being depreciated:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	114,763	83,800	-	198,563
Infrastructure	38,485,806	-	-	38,485,806
Total capital assets being depreciated	38,630,166	83,800	-	38,713,966
Less accumulated depreciation for:				
Buildings and renovations	29,597	-	-	29,597
Machinery, equipment and other	80,334	31,333	-	111,667
Infrastructure	20,293,814	558,931	-	20,852,745
Total accumulated depreciation	20,403,745	590,264	-	20,994,009
Total capital assets being depreciated, net	18,226,421	(506,464)	-	17,719,957
Total business-type activities capital assets, net	\$ 18,920,825	\$ (395,448)	\$ -	\$ 18,525,377

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 24,002
Public safety	181,702
Public works	347,478
Education	1,376,930
Health and human services	55,390
Culture and recreation	155,320
Total depreciation expense - governmental activities	<u>\$ 2,140,822</u>

Business-Type Activities:

Water fund	\$ 328,832
Sewer fund	261,432
Total depreciation expense - business-type activities	<u>\$ 590,264</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2012, are summarized below:

	Transfers In:		
Transfers Out:	General	Business- Type	Total
General fund	\$ -	\$ 1,067,944	\$ 1,067,944
Nonmajor governmental funds	591,292	-	591,292
Business-type activities	58,401	-	58,401
Total transfers out	<u>\$ 649,693</u>	<u>\$ 1,067,944</u>	<u>\$ 1,717,637</u>

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E. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2011	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2012
Governmental Activities:						
Municipal Purpose Loan of 2010	1.13%	10/13/2011	\$ 3,539,168	\$ -	\$ 3,539,168	\$ -

F. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

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General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2012
Inside Debt:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	\$ 2,200,000	\$ 1,210,000
Remodeling projects	3.85%	4/1/2005	4/1/2022	1,336,200	807,000
Parking lot	3.85%	4/1/2005	4/1/2014	46,800	10,000
Telecommunication systems	3.85%	4/1/2005	4/1/2015	100,000	24,000
Modular classrooms	3.85%	4/1/2005	4/1/2015	1,400,000	420,000
Municipal purpose loan of 2005	4.00-6.00%	12/1/2005	12/1/2025	1,138,000	614,000
Municipal purpose loan of 2007	3.96%	1/15/2007	1/15/2027	3,729,000	2,980,000
Municipal purpose loan of 2009	2.91%	1/15/2009	1/15/2024	4,852,000	3,415,000
Municipal purpose loan of 2010	2.09%	9/15/2010	9/15/2025	2,730,000	2,444,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2029	4,405,000	4,405,000
Massachusetts Water Pollution					
Abatement Trust:					
GIS project	N/A	10/26/2006	8/1/2024	194,098	152,491
GIS project	2.00%	10/26/2006	7/15/2024	138,448	110,137
Total Inside Debt					<u>16,591,628</u>
Outside Debt:					
Birchland Park Middle					
School Construction	2.00-5.00%	10/13/2011	8/1/2020	8,739,050	<u>8,739,050</u>
Total Outside Debt					<u>8,739,050</u>
Total governmental type debt					<u>\$ 25,330,678</u>

Future Debt Service

The annual principal and interest payments to retire all governmental type general obligation long-term debt outstanding as of June 30, 2012, are as follows:

Governmental	Principal	Interest	Total
2013	\$ 2,910,125	\$ 861,972	\$ 3,772,097
2014	2,859,586	781,923	3,641,509
2015	2,701,626	696,288	3,397,914
2016	2,468,097	611,525	3,079,622
2017	2,193,258	535,608	2,728,866
2018-2022	9,277,591	1,463,827	10,741,418
2023-2027	2,620,395	274,313	2,894,708
2028-2032	300,000	16,200	316,200
	<u>\$ 25,330,678</u>	<u>\$ 5,241,656</u>	<u>\$ 30,572,334</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

General obligation bonds currently outstanding of the business type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2012
Inside Debt:					
Sewer:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	\$ 4,775,000	\$ 2,635,000
Somers and Ainslie Roads	2.00-5.00%	6/1/2003	6/1/2013	50,000	5,000
Discharge Meters	3.85%	4/1/2005	4/1/2021	156,000	85,000
Pease, Prospect and Old Farm Roads	3.85%	4/1/2005	4/1/2017	120,000	50,000
Mill Road Sanitary Sewer Construction	4.00-6.00%	12/1/2005	12/1/2025	250,000	166,000
Pump Station Upgrades	2.09%	9/15/2010	9/15/2025	1,104,000	1,026,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2021	612,780	612,780
Massachusetts Water Pollution					
Abatement Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	76,907	60,421
GIS Project	2.00%	10/26/2006	7/15/2024	54,857	43,639
Total Inside Debt					<u>4,683,840</u>
Outside Debt:					
Water:					
Municipal purpose loan of 2003	2.00-5.00%	6/1/2003	6/1/2023	4,240,000	2,310,000
Mains - Pease, Prospect and Old Farm Roads	3.85%	4/1/2005	4/1/2018	130,000	60,000
Water meters	3.85%	4/1/2005	4/1/2015	80,000	24,000
Water tower	4.00-6.00%	12/1/2005	12/1/2025	2,500,000	1,750,000
Municipal purpose loan of 2011	2.00-5.00%	10/13/2011	8/1/2021	398,170	398,170
Massachusetts Water Pollution					
Abatement Trust:					
GIS Project	N/A	10/26/2006	8/1/2024	95,218	74,807
GIS Project	2.00%	10/26/2006	7/15/2024	67,918	54,029
Total Outside Debt					<u>4,671,006</u>
Total business-type debt					<u><u>\$ 9,354,846</u></u>

Future Debt Service

The annual principal and interest payments to retire all business-type general obligation long-term debt outstanding as of June 30, 2012, are as follows:

Business-Type	Principal	Interest	Total
2013	\$ 836,148	\$ 343,531	\$ 1,179,679
2014	832,651	307,573	1,140,224
2015	826,631	279,655	1,106,286
2016	817,935	251,754	1,069,689
2017	813,078	223,382	1,036,460
2018-2022	3,892,864	673,205	4,566,069
2023-2027	1,335,539	82,910	1,418,449
	<u>\$ 9,354,846</u>	<u>\$ 2,162,010</u>	<u>\$ 11,516,856</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

A summary of the changes in long term debt during the year is as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due within One Year
Governmental activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 23,783,000	\$ 13,144,050	\$ 11,859,000	\$ 25,068,050	\$ 2,893,550
<i>Massachusetts Water Pollution Abatement Trust</i>	278,808	-	16,180	262,628	16,575
<i>OPEB Obligation Payable</i>	14,041,756	3,732,198	-	17,773,954	-
<i>Compensated absences</i>	456,050	45,822	12,474	489,398	351,491
Governmental activity					
Long-term liabilities	<u>\$ 38,559,614</u>	<u>\$ 16,922,070</u>	<u>\$ 11,887,654</u>	<u>\$ 43,594,030</u>	<u>\$ 3,261,616</u>
Business type activities:					
<i>Bond Payable:</i>					
General obligation bonds	\$ 10,021,000	\$ 1,010,950	\$ 1,910,000	\$ 9,121,950	\$ 820,997
<i>Massachusetts Water Pollution Abatement Trust</i>	247,244	-	14,348	232,896	15,151
<i>Compensated absences</i>	57,504	1,312	2,531	56,285	27,380
Business-type activity long term					
Long-term liabilities	<u>\$ 10,325,748</u>	<u>\$ 1,012,262</u>	<u>\$ 1,926,879</u>	<u>\$ 9,411,131</u>	<u>\$ 863,528</u>

Advance Refunding

On October 4, 2011, the Town refunded a general obligation bond issue with a general obligation refunding note. Of this issue, the Town issued \$14,155,000 of general obligation refunding bonds to refund 2001 bonds in the aggregate principal amount of \$9,750,000 and an additional \$4,405,000 in new principal debt. The refunded bonds achieved a total savings of approximately \$640,000. As a result, the refunded bonds, including the business-type bonds, are considered to be defeased and the liability has been removed from the general obligation long-term debt and the business-type debt.

Massachusetts Water Pollution Abatement Trust (MWPAT)

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$674,988 and interest costs of \$281,699 for two loans which the Town has borrowed from MWPAT. The gross amount outstanding at June 30, 2012 for principal and interest combined for the loan is \$615,738. The net repayments, including interest, are scheduled to be \$562,900. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2012 principal and interest subsidies totaled \$5,966.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2012 totaled \$21,275,467.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2012:

Equalized Valuation-Real Estate and Personal Property (2012)		<u>\$ 1,870,316,900</u>
Debt Limit: 5 % of Equalized value		93,515,845
Total Debt Outstanding	\$ 34,685,523	
Less: Debt Outside Debt Limit	<u>(13,410,056)</u>	<u>21,275,467</u>
Inside Debt Excess Borrowing Capacity at June 30, 2012		<u><u>\$ 72,240,378</u></u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2012 and are not reflected in the Town's financial statements are as follows:

Date of Town Meeting Authorized	Purpose	Amount
5/2/2005	Mountain View - new classroom exhaust	\$ 302
5/1/2006	School remodeling	92
5/1/2006	Departmental equipment	426
5/1/2006	School remodeling - elementary classrooms	25
5/10/2007	Meadowbrook school - replace motor and coils	221
5/19/2008	Health department - landfill Somers & Allen Street	138,000
5/17/2010	Police cruisers	1,005
5/16/2011	Public Safety Radio update	154
		<u><u>\$ 140,225</u></u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

G. Fund Balances

The following is a summary of the Town's Governmental Fund fund balances at the year ended June 30, 2012:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 483,685	\$ 483,685
Community preservation funds	-	711,693	711,693
Donations and gifts	-	10,779	10,779
Permanent funds	-	23,873	23,873
Revolving funds	-	1,729,907	1,729,907
Other	-	222,775	222,775
Payment of Debt	99,350	1,225,984	1,325,334
Capital projects	-	2,339,879	2,339,879
	<u>99,350</u>	<u>6,748,575</u>	<u>6,847,925</u>
Committed:			
October 2011 Storm	-	838,107	838,107
Assigned:			
General government	13,655	-	13,655
Public safety	6,153	-	6,153
Public works	132,576	-	132,576
Education	202,206	-	202,206
Culture and Recreation	801	-	801
Employee benefits and Insurance	4,391	-	4,391
Subsequent year's budget	567,341	-	567,341
	<u>927,123</u>	<u>-</u>	<u>927,123</u>
Unassigned:			
General Fund	5,803,594	-	5,803,594
Special Revenue:			
Public safety grants	-	(45,229)	(45,229)
	<u>5,803,594</u>	<u>(45,229)</u>	<u>5,758,365</u>
Total Governmental fund balances	<u>\$ 6,830,067</u>	<u>\$ 7,541,453</u>	<u>\$ 14,371,520</u>

H. Special Trust Funds

Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

At June 30, 2012, the balance in the stabilization fund is \$1,702,207 and is reported in the General Fund as unassigned fund balance.

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2012.

Federal Financial Assistance

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

C. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

The Town provides the following plan types, Health New England (HNE) HMO, Blue Cross/Blue Shield Network Blue of NE, Tufts HMO, Blue Cross Elect PPO, Medex 3, HNE Mediwrap Plan, and Managed Blue for Seniors. The Town belongs to the Scantic Valley Regional Health Trust.

An employee in Group 1 shall become eligible to retire under this plan upon meeting one of the following conditions:

1. Police and Fire: retirement at age 45 with 10 years of creditable service.
2. All other employees: retirement at age 55 with 10 years of creditable service.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

3. Retirement at any age with 20 years of creditable service.

Employees will pay 25% of premiums in retirement; except the Blue Care Elect PPO and the Medicare plans, for which employees will pay 50% of premiums in retirement.

- The Town also pays 50% of the retiree life insurance premium.

The number of participants as of July 1, 2013, the census data used in preparing the OPEB valuation, follows:

Active members	410
Retirees	213
Total	<u>623</u>

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2012 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$922,693.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Normal Cost	\$ 2,565,677
Amortization of unfunded actuarial accrued liability	2,030,580
Compounded interest to year end	165,396
Annual required contribution	<u>4,761,653</u>
Interest on net OPEB obligation	561,670
Adjustment to annual required contribution	<u>(668,432)</u>
Annual OPEB cost (expense)	4,654,891
Contributions made during the fiscal year	<u>922,693</u>
Increase in net OPEB obligation	3,732,198
Net OPEB Obligation - beginning of year	<u>14,041,756</u>
Net OPEB Obligation - end of year	<u>\$ 17,773,954</u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2012 fiscal year and the two preceding years are as follows:

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 7,121,398	24.63%	\$ 8,470,506
6/30/2011	\$ 7,536,889	26.08%	\$14,041,756
6/30/2012	\$ 4,654,891	19.80%	\$17,773,954

Funded Status and Funding Process

As of July 1, 2011, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$44,362,650, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,362,650. The covered payroll (annual payroll of active employees covered by the plan) was not available or the ratio of the UAAL.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 61,704,179	\$ 61,704,179	0%	N/A	N/A
12/31/2009	\$ -	\$ 93,937,482	\$ 93,937,482	0%	N/A	N/A
7/1/2011	\$ -	\$ 44,362,650	\$ 44,362,650	0%	N/A	N/A

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town OPEB actuarial valuation as of July 1, 2011, used the entry age normal cost method. The OPEB liability is currently unfunded. The actuarial assumptions include an investment rate of return of 4.0%, a payroll increase rate of 2.50% per annum and medical/drug cost trend rate at 6.39% decreasing to an ultimate level of 5.00% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2012 is 24 years.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

D. Pension Plan

Plan Description

The Town, as a member of the Hampden County Regional Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Hampden County Regional Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the Town does not contribute. Pension benefits and administrative expenses are paid by the Teachers' Retirement Board and are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,577,460 for the fiscal year ending June 30, 2012, and, accordingly, are reported in the General Fund as intergovernmental revenues and employee benefit expenditures.

There were approximately 377 participants eligible to receive benefits.

The System and the teachers' retirement system provide retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Hampden County Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 67 Hunt Street, Suite 116, Agawam, Massachusetts.

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

The Town's contribution to the System for the fiscal years ended June 30, 2012, 2011, and 2010 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2012	\$ 1,892,492
2011	\$ 1,834,439
2010	\$ 1,768,692

The last actuarial valuation was prepared by The Segal Group, Inc., as of January 1, 2012. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% compounded annually, (b) projected salary, including longevity, increases of 4.5% per year per member and COLA of 3% for the first \$18,000 of income.

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2012 is as follows:

Actuarial Accrued Liability	\$ 499,009,329
Assets	<u>244,053,652</u>
Unfunded Actuarial Liability	<u><u>\$ 254,955,677</u></u>

The Town's portion of such liability is approximately 11.24% or \$28,657,018.

The System's funding policy is governed by Section 22 (D) of Chapter 32. The members of the System are required to fund each year the actuarially determined normal cost plus an amount to amortize the unfunded liability. The system accepted the provisions of Chapter 32, Section 22D to become a funding unit on January 1, 1991.

Reporting Policies

The funds of the Hampden County Regional Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

SUPPLEMENTARY SCHEDULES

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2011								June 30, 2012
Special Revenue:									
Federal and State Grants:									
School Grants	\$ 355,259	\$	1,727,600	\$	2,059,871	\$	-	\$	22,988
Arts Lottery Council Grants	10,811		4,857		3,815		-		11,853
Board of Health Grants	27,830		-		3,326		-		24,504
Council on Aging Grants	1,429		51,401		51,433		-		1,397
Emergency Management Agency Grants	10,642		857,654		945,547		926,000		848,749
Extended Polling Hours	18,461		1,442		-		-		19,903
Highway Grants	-		750,392		750,392		-		-
Library Grants	80,347		28,401		29,460		-		79,288
Other Grants and Programs	7,573		-		3,586		-		3,987
Public Safety Grants	(1,134)		29,996		74,091		-		(45,229)
Schools:									
School Lunch Program	204,453		832,809		814,824		-		222,438
School Lunch Commodities	-		58,744		58,744		-		-
School Busing	37,149		190,363		192,817		-		34,695
School Gifts and Donations	13,130		63,787		53,772		-		23,145
School Revolving Accounts	256,233		659,008		459,726		(220,000)		235,515
State Special Education Reimbursement Fund	272,857		829,738		793,471		-		309,124
Other:									
Cable Access Revolving	581,035		195,188		152,577		-		623,646
Center Hill Park Revolving	1,263		-		-		-		1,263
Community Preservation Fund	1,068,203		271,068		619,270		(8,308)		711,693
Council on Aging Revolving	4,808		92,902		80,887		-		16,823
Dog Fund Revolving	47,351		23,042		2,464		(30,000)		37,929
Flu Shots Revolving	3,105		2,850		1,176		-		4,779
Gifts and Donations	11,321		1,354		1,896		-		10,779
Insurance Reimbursements	65,614		16,661		19,166		(995)		62,114
Library Revolving Funds	925		20,137		17,994		-		3,068
Premium on Bonds	-		-		843,735		843,735		-
Reserve for Payment of Debt - MSBA	1,296,510		-		-		(70,526)		1,225,984
Parking Tickets Revolving	16,604		710		50		-		17,264
Police Off Duty Details	-		260,117		260,117		-		-
Recreation Revolving	259,322		507,591		457,010		-		309,903
Trash Revolving	116,538		151,566		25,745		(150,000)		92,359
Wetlands Protection Act	44,934		3,310		3,279		-		44,965
Special Revenue Page 49	\$ 4,812,573	\$	7,632,688	\$	8,780,241	\$	1,289,906	\$	4,954,926

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2011								June 30, 2012
Continued from Page 49									
Special Revenue (continued):									
Other (continued):									
Ambulance Fund	46		3		-		-		49
Conservation Funds	35,981		2,582		-		-		38,563
Council on Aging Funds	36,104		14,259		7,435		-		42,928
Friends of Heritage Park	292		21		-		-		313
Historical Commission	6,327		1,250		-		-		7,577
Pension Reserve Fund	107,824		7,737		-		-		115,561
Police Gymnasium Fund	(2)		63		-		-		61
Recreation Fund	11,983		1,098		500		-		12,581
Shaker Road Relief Fund	3,863		-		-		-		3,863
Town Beautification Fund	326		23		-		-		349
Traffic Signal Fund	799		57		-		-		856
Unemployment Compensation Fund	69		5		-		-		74
Total Special Revenue Funds	5,016,185		7,659,786		8,788,176		1,289,906		5,177,701
Capital Projects:									
Department of Public Works Equipment	(127,455)		-		236,914		388,921		24,552
Fire Department Projects	57,538		-		30,000		(26,856)		682
GIS Project	(358)		-		-		-		(358)
Information Technology Connectivity	(43,068)		-		368,196		1,609,200		1,197,936
Landfill Projects	116,025		-		-		58,000		174,025
Munis Financial Software	8,619		-		3,300		-		5,319
Police Projects	(49,706)		168		53,384		124,827		21,905
Purchase of Land	(1,250,000)		-		-		1,250,000		-
Recreation Projects	(43,395)		-		12,426		59,980		4,159
Road Projects	39,750		-		-		(39,750)		-
Roof Repairs	7,324		-		-		(7,324)		-
School Improvement Projects	413,506		-		1,000,810		1,417,774		830,470
Senior Center Projects	91,146		-		155,456		73,969		9,659
Sidewalk Construction	3,806		-		7,343		75,000		71,463
Town and School Improvements	67		-		-		-		67
Capital Projects Page 50	(776,201)		168		1,867,829		4,983,741		2,339,879

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Fund Balances July 1, 2011	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2012
Continued from Page 50					
Selectmen Record & Storage Filing System	\$ (776,201)	\$ 168	\$ 1,867,829	\$ 4,983,741	\$ 2,339,879
Town Communication	9,829	-	-	(9,829)	-
Town Hall Projects	931	-	-	(931)	-
	37,500	-	-	(37,500)	-
Total Capital Projects	\$ (727,941)	\$ 168	\$ 1,867,829	\$ 4,935,481	\$ 2,339,879
Permanent Funds:					
Cemetery Funds	\$ 2,757	\$ 198	\$ -	\$ -	\$ 2,955
Library Funds	19,235	8,080	6,397	-	20,918
Total Permanent Funds	21,992	8,278	6,397	-	23,873
Total - Non-Major Governmental Funds	\$ 4,310,236	\$ 7,668,232	\$ 10,662,402	\$ 6,225,387	\$ 7,541,453

**TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES AND
DEFERRED PROPERTY TAXES AND COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2011 TO JUNE 30, 2012**

	Uncollected Taxes July 1, 2011	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2012	Uncollected Taxes Per Detail June 30, 2012
Real Estate Taxes:						
Levy of 2012	\$ -	\$ 32,737,393	\$ 128,561	\$ 31,973,236	\$ 635,596	\$ 635,596
Levy of 2011	651,844	19,320	12,921	331,464	326,779	326,779
Levy of 2010	298,899	-	89,222	115,646	94,031	92,307
Levy of 2009	56,544	-	10,233	34,689	11,622	9,887
Levy of 2008	273	-	-	273	-	-
Prior Years	56,545	-	39,529	-	17,016	17,016
	<u>1,064,105</u>	<u>32,756,713</u>	<u>280,466</u>	<u>32,455,308</u>	<u>1,085,044</u>	<u>1,081,585</u>
Personal Property Taxes:						
Levy of 2012	-	745,742	1,305	735,093	9,344	9,344
Levy of 2011	10,794	-	-	396	10,398	10,398
Levy of 2010	8,782	-	(4)	(272)	9,058	9,058
Levy of 2009	2,487	-	-	(1,474)	3,961	3,961
Levy of 2008	(304)	-	-	(2,389)	2,085	2,085
Prior Years	17,494	-	2,710	(3,145)	17,929	17,929
	<u>39,253</u>	<u>745,742</u>	<u>4,011</u>	<u>728,209</u>	<u>52,775</u>	<u>52,775</u>
Total Real Estate and Personal Property Taxes	<u>\$ 1,103,358</u>	<u>\$ 33,502,455</u>	<u>\$ 284,477</u>	<u>\$ 33,183,517</u>	<u>\$ 1,137,819</u>	<u>\$ 1,134,360</u>
Deferred Property Taxes	\$ 27,475	\$ -	\$ (74)	\$ 27,549	\$ -	\$ -
Non-Major Governmental Funds: Community Preservation Surcharge:						
Levy of 2012	-	218,237	1,252	212,044	4,941	4,941
Levy of 2011	117	184	104	(1,393)	1,590	1,590
Levy of 2010	1,549	-	491	622	436	389
Levy of 2009	307	-	33	209	65	66
	<u>\$ 1,973</u>	<u>\$ 218,421</u>	<u>\$ 1,880</u>	<u>\$ 211,482</u>	<u>\$ 7,032</u>	<u>\$ 6,986</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2011 TO JUNE 30, 2012

	Uncollected Taxes July 1, 2011	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2012	Uncollected Taxes Per Detail June 30, 2012
Motor Vehicle Excise Taxes:						
Levy of 2012	\$ -	\$ 1,680,097	\$ 29,140	\$ 1,576,019	\$ 74,938	\$ 74,938
Levy of 2011	83,548	173,053	15,544	223,692	17,365	17,365
Levy of 2010	19,993	-	358	10,550	9,085	9,085
Levy of 2009	8,103	-	286	1,390	6,427	6,427
Levy of 2008	7,949	-	-	899	7,050	7,050
Prior Years	23,301	-	5,169	396	17,736	17,736
	<u>142,894</u>	<u>1,853,150</u>	<u>50,497</u>	<u>1,812,946</u>	<u>132,601</u>	<u>132,601</u>
Boat Excise Taxes:						
Levy of 2012	-	2,744	112	2,559	73	73
Levy of 2011	92	-	-	61	31	31
Levy of 2009	279	-	-	20	259	279
Levy of 2008	528	-	-	-	528	508
Prior Years	1,815	-	710	-	1,105	1,105
	<u>2,714</u>	<u>2,744</u>	<u>822</u>	<u>2,640</u>	<u>1,996</u>	<u>1,996</u>
Total Motor Vehicle Excise and Boat Excise Taxes	<u>\$ 145,608</u>	<u>\$ 1,855,894</u>	<u>\$ 51,319</u>	<u>\$ 1,815,586</u>	<u>\$ 134,597</u>	<u>\$ 134,597</u>

TOWN OF EAST LONGMEADOW, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2011 TO JUNE 30, 2012

	Uncollected Accounts July 1, 2011	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2012	Uncollected Accounts Per Detail June 30, 2012
Tax Liens						
	\$ 295,764	\$ 128,899	\$ 14,160	\$ 44,245	\$ 366,258	\$ 365,855
Non-Major Governmental Funds:						
Community Preservation Surcharge:						
Tax Liens	\$ 806	\$ 524	\$ -	\$ 232	\$ 1,098	\$ 1,098